



**UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.**

Issued by the Department of Transportation  
on the 22<sup>nd</sup> of December, 1997

Served: December 29, 1997

Essential Air Service at

**MOAB, UTAH  
ELY, NEVADA**

under 49 U.S.C. 41731 *et seq.*

**Dockets OST-97-2827  
OST-95-361**

**ORDER TENTATIVELY RESELECTING CARRIER,  
ESTABLISHING SUBSIDY RATES,  
AND REQUESTING CARRIER PROPOSALS**

**Summary**

By this order, the Department is tentatively reselecting Alpine Aviation, Inc., d/b/a Alpine Air, to provide increased subsidized essential air service at Moab, Utah, and Ely, Nevada, for a new two-year period; providing for objections and competing proposals from other interested carriers; and setting a new final subsidy rate for its provision of essential air service at Moab and Ely from January 1, 1998, until the new higher service level is implemented.<sup>1</sup>

**Background**

By Order 96-6-39, June 19, 1996, the Department last selected Alpine to provide subsidized service at Moab for the two-year period ending April 30, 1998, consisting of 10 nonstop round trips a week between Moab and Salt Lake City with 8/9-passenger seat Piper Cheyenne aircraft at an annual subsidy rate of \$404,700. By Order 95-12-28, December 19, 1995, the Department last selected Alpine to provide subsidized service at Ely for the two-year period ending December 31, 1997, also consisting of ten nonstop round trips a week between Ely and Salt Lake City with Piper Cheyenne aircraft, at an annual subsidy rate of \$508,759.

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<sup>1</sup> See Appendix A for a map. Alpine's subsidy rate for serving Ely, set by Order 95-12-28, expires on December 31, 1997.

The Department's authorization of ten round trips a week at Moab and Ely reflected program-wide cutbacks implemented in November 1995 as a result of Congressional reductions in funding for the essential air service program.<sup>2</sup> Previously, the Department had subsidized three round trips a day between Moab and Salt Lake City for a four-month peak period and two round trips for the remainder of the year, and one round trip, six days per week between Ely and both Reno and Salt Lake City.

Congress provided a funding level of \$50 million for the program that began in fiscal year 1998 -- *i.e.*, October 1, 1997. These funds are provided for by the Rural Air Service Survival Act, which was part of the Federal Aviation Administration Reauthorization Act of 1996. The Department is using these funds to restore compliance with the statutory essential air service requirements in the Airport and Airway Safety and Capacity Expansion Act of 1987 which in turn we find imperative for communities to regain traffic and promote growth. Therefore, we requested that Alpine submit a proposal contemplating increased service at Moab and Ely for a new two-year period.

In doing so, we also noted that both of Alpine's rate terms were nearing their expiration dates, and that, under our normal procedures when nearing the end of a subsidy rate term, we contact the incumbent carrier to determine whether it is interested in continuing service and whether it will continue to require subsidy. We usually negotiate a new subsidy rate with the carrier, issue an order tentatively reselecting it for a new rate term at the agreed rate, and direct other parties to show cause why we should not finalize our tentative decision. Other carriers wishing to submit competing proposals are invited to do so in response to the order. If any such proposals are filed, we process them as a competitive case.

### **Alpine Air's Proposal**

Alpine submitted a proposal in response to our request and, as a result of discussions with Department staff, has agreed to three service/subsidy options. All of Alpine's service would be provided with 8-seat Piper Cheyenne III, pressurized, turbo-prop aircraft. In addition, Alpine would overnight an aircraft at both Ely and Moab to provide increased reliability and an enhanced schedule. Alpine's current and past service pattern at both Ely and Moab has been scheduled to begin each day with service from Salt Lake City, with the consequence that the first outbound flights of the day from Ely and Moab have not arrived in Salt Lake City until 9:30 a.m. and 10:40 a.m., respectively, not optimal times for connecting flights. Overnighting aircraft at the subsidized communities will facilitate more usable service for business travelers who want to complete same-day round trips.

At Moab, Alpine proposes three nonstop round trips each weekday and weekend with the option of providing more service in the summer and less in the winter. Specifically, Alpine would provide four round trips a day for the six months from April through September and two round trips a day from October through March. Alpine's subsidy rate for this option

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<sup>2</sup> See Orders 95-11-28, November 17, 1995, and 96-2-1, February 2, 1996. By Order 97-8-14, August 1997, we authorized payment for weekend essential air service, up to a maximum of 12 round trips a week program-wide.

would range from \$736,374 to \$769,572, depending on which service option for Ely it is paired with.

At Ely, Alpine has proposed three service options with different mixes of Salt Lake City and Reno service. The specifics are as follows:

Option 1: Two Reno nonstop round trips a day and one Salt Lake City nonstop round trip a day, at an annual subsidy rate of \$1,220,110 the first year and \$1,099,110 the second year. Subsidy for Moab would be \$740,249 the first year and \$684,249 the second year.

Option 2: Three Salt Lake City nonstop round trips a day, at an annual subsidy rate of \$867,188 the first year and \$845,888 the second year. Subsidy for Moab would be \$769,572 the first year and \$713,572 the second year.

Option 3. Six Reno nonstop round trips and 12 Salt Lake City nonstop round trips a week, at an annual subsidy rate of \$1,017,444 the first year and \$964,044 the second year. Subsidy for Moab would be \$736,374 the first year and \$680,374 the second year.

## **Community Comments**

### **Ely**

The White Pine County Commission in Ely responded to our letter requesting comments. The Commission restated its long-standing position that service to Reno is important to Ely, principally because it would allow passengers to fly to and from Reno in the same day providing access to the state capital in nearby Carson City. As a result, the community's first preference is for Option 1, two round trips to Reno and one round trip to Salt Lake City per day. Its second preference is for Option 3, one round trip to Reno and 2 round trips to Salt Lake City per day, and last for Option 2, three round trips to Salt Lake City per day. The Commission states that the restoration of the Reno flight is Ely's and White Pine County's most critical air service need, and it would like to explore other options, including other airlines and service to Las Vegas rather than Salt Lake City.

The City of Ely is more interested in developing air service to both Reno and Las Vegas than to maintain its service to Salt Lake City. As a result, it encourages the solicitation of proposals from other carriers to obtain as wide an array of proposals as possible, including service to Reno and/or Las Vegas.

### **Moab**

The Grand County Airport Board commented on the seasonal feature of Alpine's proposal, *i.e.*, two flights daily between Moab and Salt Lake City in the winter and four flights daily during the summer season. The Board has received assurance from Alpine that the carrier would provide an early morning flight to Salt Lake City and a later evening arrival at Canyonland Field, and stated that it is very pleased with the carrier's proposal. The Board expressed concern that the fare charged by Alpine for this service be competitive and affordable for the citizens of Grand County.

The Grand County Council states that its primary concern is that Alpine or any service provider schedule its flights to benefit area residents. It states that an early morning flight from Moab to Salt Lake City with late afternoon returns is essential to enable passengers to travel to and from Salt Lake City within a single work day, and that Alpine has given assurances to that effect. The Council states that Alpine indicated it intends to begin such service in April 1998. With respect to seasonal operations, the Board states that Alpine's proposal is reasonable.

Mr. Jeffrey Tidrick, President of Bighorn Express, a company that provides scheduled daily passenger van shuttles between Salt Lake City and Moab, objects to our subsidizing any airline competing with his van service.

### **Decision**

After a thorough review of Alpine's options and its recent service history, we have decided to tentatively reselect it to provide Option 2 for a new two-year rate period. The first flights of the day must originate at Ely and Moab. At Moab we will authorize Alpine to provide a four round trip/two round trip seasonal split between the six-month peak and off-peak periods as a potentially more efficient alternative to the program norm of three round trips a day year-round. The agreed-to annual subsidy rates are \$867,188 the first year and \$845,888 the second year for its service at Ely, and \$769,572 the first year and \$713,572 the second year for its service at Moab. These rates appear reasonable for the service proposed and Alpine's performance continues to be reliable.<sup>3</sup> The new tentative rates will be effective for two years beginning when the new service level is implemented.

When the Department implemented the program-wide subsidy cuts in November 1995, subsidized service at all communities, except those in Alaska, was reduced below statutory minimums and well below viable levels. As a result, substantial traffic declines occurred at most communities, and carriers experienced cost inefficiencies in aircraft and personnel utilization. With the full funding for fiscal year 1998, the Department has restored viable service at all of the subsidized communities to levels that are commensurate with statutory and program guidelines.<sup>4</sup>

In this case, we have reviewed Alpine's proposals, the communities' traffic histories, and the comments of the civic parties, and we find that the provision of additional service is appropriate. The new seasonal service levels of 24 peak season and 12 off-peak season round trips a week between Moab and Salt Lake City have the support of the community leaders. At Ely, notwithstanding the civic leaders' strong interest in securing service to Reno, the 18 round trips a week in the Salt Lake City market represent a substantial improvement over the service levels that we have been subsidizing for the last two years. In addition, Moab and Ely will receive an additional round trip to Salt Lake City six days a week and the morning flight will originate at the

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<sup>3</sup> Appendix B contains details of the carrier's compensation requirements.

<sup>4</sup> 49 U.S.C. 41732(b)(1)(A) specifies that eligible communities are to receive at least two round trips a day, six days a week; moreover, the Department's program guidelines (14 CFR 398.5) contemplate service levels commensurate with a community's historical traffic and traffic-generating potential.

essential air service communities allowing same-day business between the communities and Salt Lake City.

The subsidy rates we are authorizing here for Ely and Moab are above the essential air service program average, largely because of the long distances involved,<sup>5</sup> and the cost of Alpine's Reno-inclusive proposals would be even greater. In deference to the expressed wishes of the Ely community, we are open to proposals to serve Ely to Reno or other alternatives, provided they are more cost-effective than Alpine's proposals. Thus, in requesting other interested carriers to submit competing service proposals for Ely and/or Moab, we well specifically invite them to consider alternative hubs for Ely, including Reno or Las Vegas, that would be responsive to the community's service needs.

In view of the considerable subsidy necessary to support the service improvements we are tentatively authorizing in this order, we intend to reexamine the communities' continuing service needs in light of their traffic responses to their increased frequencies when we undertake our next rate reviews in late 1999. In the meantime, we hope that traffic at the communities will show significant growth and ultimately serve to reduce Alpine Air's subsidy requirements. Toward that end, we expect Alpine Air, civic officials, and major businesses to work energetically together to promote the service improvements. In that regard, we have earmarked in Alpine Air's subsidy rates a specific dollar amount for local advertising, and fully expect the carrier to use that amount as proposed. We expect Alpine to continue to work with the communities to structure its schedules in order to accommodate the greatest number of passengers.

### **Carrier Fitness**

49 U.S.C. 41737(b) and 41738 requires that we find an air carrier fit, willing and able to provide service before we may pay it for essential air service. We last found Alpine Air fit to provide scheduled passenger service as a commuter air carrier by Order 96-6-39, June 19, 1996, when we selected it to provide subsidized service at Moab. The Department has routinely monitored the carrier's continuing fitness, and based on our review of its most recent submissions, we find that Alpine continues to have available adequate financial and managerial resources to maintain quality service at Moab and Ely, and that it continues to possess a favorable compliance disposition. The Federal Aviation Administration has advised us that the carrier is conducting its operations in accordance with its regulations, and knows of no reason why we should not find that Alpine remains fit.

Alpine has a satisfactory record of providing essential air service at Moab and Ely, and, based on its operating record, we find that the carrier continues to be fit to provide the essential air transportation at issue in this case.

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<sup>5</sup> The stage lengths of the service--183 miles between Moab and Salt Lake City and 184 miles between Ely and Salt Lake City--are above the program average stage length of about 125 miles.

### **Responses to Tentative Decision**

We will give interested persons 20 days from the date of service of this order to show cause why we should not make final our tentative decision to reselect Alpine to provide essential air service at Moab and Ely at the subsidy rates discussed above for a new two-year period. We expect persons objecting to our tentative decision to support their objections with relevant and material facts. We will not entertain general, vague or unsupported objections.

Carriers interested in filing competing proposals, with or without subsidy requests, should file them within the 20-day period set for objections. At the end of that period, our staff will docket any competing proposals, thereby making them public, and direct each applicant to serve a copy of its proposal on the civic parties and other applicants. We will give full consideration to all proposals that are timely filed. At Moab, we request proposals that contemplate 18 nonstop round trips each week between Moab and Salt Lake City or any other suitable hub, and for Ely we request proposals for 18 nonstop round trips each week to Salt Lake City, Reno or Las Vegas. All proposals should reflect with twin-engine aircraft operated by two pilots. If an Ely-Reno service pattern with fewer than 18 round trips a week is responsive to the community's needs, we would entertain such a proposal. We also encourage carriers to consider alternatives that they may find more efficient, such as integrating a nonsubsidized community with an Ely or Moab itinerary if its inclusion would reduce the overall subsidy need. For example, we may be receptive to an Elko-Ely-Las Vegas routing proposal that would require less subsidy than an Ely-Las Vegas routing.

### **Service History and Traffic Data**

The recent service history of the communities is discussed in the background above. In order to help carriers make their passenger and revenue forecasts, we have included historical traffic data in Appendix D. For the year ended September 30, 1997, the most recent 12-month period for which traffic data are available, Moab averaged 4.9 enplanements per day, and Ely averaged 3.0 enplanements per day.

### **Procedures for Filing Replacement Proposals**

For interested carriers unfamiliar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f), and discusses in detail the process of requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations (14 CFR 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred. However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.

### **Other Carrier Requirements**

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.<sup>6</sup> Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with the regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

### **Community and State Comments**

If we receive competing proposals, the communities and states are welcome to submit comments on the proposals at any time. Early in the proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier at that time. In any event, after conducting rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.<sup>7</sup>

This order is issued under authority delegated in 49 CFR 1.56(i).

### **ACCORDINGLY,**

- 1 We tentatively reselect Alpine Aviation, Inc., d/b/a Alpine Air to provide essential air service at Moab, Utah, and Ely, Nevada, as described in Appendix C, for a new two-year period beginning when Alpine Air implements the new service levels;
2. We terminate the rate set by Order 96-6-39 for Alpine Air's essential air service at Moab, Utah, effective when Alpine implements the new service level at both communities;<sup>8</sup>

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<sup>6</sup> The regulations applicable to each of these three areas are (1) 49 CFR Part 20, New Restrictions on Lobbying, implementing 31 U.S.C. 1352, entitled "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions"; (2) 49 CFR Part 29, Subpart F, Drug-Free Workplace Requirements (Grants), implementing the Drug-Free Workplace Act of 1988; and (3) 49 CFR Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation -- Effectuation of Title VI of the Civil Rights Act of 1964; 49 CFR Part 27, Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance; and 14 CFR Part 382, Nondiscrimination on the Basis of Handicap in Air Travel.

<sup>7</sup> In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service as proposed.

<sup>8</sup> The rate set by Order 95-12-28 for Alpine's service at Ely expires on December 31, 1997.

3. We set the final rate of compensation for Alpine Aviation, Inc., d/b/a Alpine Air, for the provision of essential air service at Ely, Nevada, as described in Appendix C, for the period from January 1, 1998, until Alpine Air implements the new higher service level, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix C, and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$518.51;
4. We tentatively set the final rate of compensation for Alpine Aviation, Inc., d/b/a Alpine Air, for the provision of essential air service at Moab, Utah, as described in Appendix C, for the two-year period beginning when Alpine Air implements the new service level, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix C, and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$419.39 the first year and \$388.87 the second year;<sup>9</sup>
5. We tentatively set the final rate of compensation for Alpine Aviation, Inc., d/b/a Alpine Air, for the provision of essential air service at Ely, Nevada, as described in Appendix C, for the period beginning when Alpine Air implements the new service level, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix C, and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$472.58 the first year \$460.97 the second year;<sup>9</sup>
6. We direct Alpine Aviation, Inc., d/b/a Alpine Air, to retain all books, records, and other source and summary documentation to support claims for payment, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;
7. We find that Alpine Aviation, Inc., d/b/a Alpine Air, continues to be fit, willing and able to operate as a commuter air carrier and capable of providing reliable essential air service at Moab, Utah, and Ely, Nevada;

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<sup>9</sup> See Appendix B for the calculation of these rates, which assume the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, revision of these rates may be required. Alpine would be permitted to substitute a Piper Navajo aircraft without penalty a total of 60 round trips annually at the two communities combined.



8. We direct Alpine Aviation, Inc., d/b/a Alpine Air, and any other interested persons having objections to the selection of Alpine Air to provide essential air service as described in ordering paragraph (1) above, at the rates set forth in ordering paragraphs (4) and (5) above, to file such objections or competing service proposals no later than 20 days from the date of service of this order;<sup>10</sup>

9. If we receive objections or competing service proposals within the 20-day period, Alpine Air will be compensated at the subsidy rates set forth in ordering paragraphs (3), (4), and (5) above, as appropriate, as final rates until all objections are resolved;

10. We will afford full consideration to the matters and issues raised in any timely and properly filed objections and service proposals before we take further action.<sup>11</sup> If no objections or competing service proposals are filed, or requests for an extension to file, all further procedural steps will be deemed waived and this order shall become effective on the twenty-first day after its service date;

11. These dockets will remain open until further order of the Department; and

12. We will serve copies of this order on the Mayors and airport managers of Moab, Utah, and Ely, Nevada; the Grand County Airport Board; the Grand County Council; the County Commissioner of White Pine County, the Governors of Utah and Nevada; the Utah Transportation Commission; Alpine Aviation, Inc., d/b/a Alpine Air; and the persons listed in Appendix E.

By:

**CHARLES A. HUNNICUTT**  
**Assistant Secretary for Aviation**  
**and International Affairs**

(SEAL)

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<sup>10</sup> Objections should be filed with the Documentary Services Division, SVC-121.30, Room PL401, Department of Transportation, 400 7<sup>th</sup> Street, S.W., Washington, DC 20590. Proposals to provide essential air service should be filed with the Chief, EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, at the same address. Questions regarding filings in response to this order may be directed to Dennis J. DeVany at (202) 366-1061.

<sup>11</sup> Since we are providing for the filing of objections to this order, we will not entertain petitions for reconsideration.

*An electronic version of this order is available on the World Wide Web at  
<http://dms.dot.gov>*

*The electronic version may not include some or all of the appendices.*

**SUBSIDY CALCULATION FOR ALPINE AIR'S ESSENTIAL AIR SERVICE  
AT MOAB, UTAH, AND ELY, NEVADA**

	First Year			Second Year		
	Ely	Moab	Total	Ely	Moab	Total
Round Trips/Day:						
Salt Lake City	3	3	6	3	3	6
Cheyenne Flt. Hours <u>1/</u>	1,524	1,558	3,082	1,524	1,558	3,082
Pilot @ \$42,900/year &	\$84,853	\$86,747	\$171,600	\$84,853	\$86,747	\$171,600
Co-Pilot @ \$30,518/year	\$60,363	\$61,709	\$122,072	\$60,363	\$61,709	\$122,072
Cheyenne Fuel @ \$136.10/hr	\$207,416	\$212,044	\$419,460	\$207,416	\$212,044	\$419,460
Cheyenne Maint. @ \$130/hr.	\$198,120	\$202,540	\$400,660	\$198,120	\$202,540	\$400,660
Cheyenne @ \$150,000/yr.	\$148,345	\$151,655	\$300,000	\$148,345	\$151,655	\$300,000
Navajo @ \$48,000/yr.	\$23,735	\$24,265	\$48,000	\$23,735	\$24,265	\$48,000
Cheyenne Hull @ \$28,000/yr.	\$41,537	\$42,463	\$84,000	\$41,537	\$42,463	\$84,000
Navajo Hull @ \$8,250/year	\$4,079	\$4,171	\$8,250	\$4,079	\$4,171	\$8,250
Total Directs	\$768,448	\$785,594	\$1,554,042	\$768,448	\$785,594	\$1,554,042
Indirects	\$360,064	\$367,094	\$727,158	\$360,064	\$367,094	\$727,158
Marketing	\$5,000	\$5,000	\$10,000	\$5,000	\$5,000	\$10,000
Total Operating Expense	\$1,133,512	\$1,157,688	\$2,291,200	\$1,133,512	\$1,157,688	\$2,291,200
Total Economic Cost, 5%	\$1,190,188	\$1,215,572	\$2,405,760	\$1,190,188	\$1,215,572	\$2,405,760
Passengers	3,000	5,300	8,300	3,300	6,000	9,300
<u>Revenue</u>						
Ely-Salt Lake City @ \$96	\$288,000		\$288,000	\$316,800		\$316,800
Moab-Salt Lake City @ \$80		\$424,000	\$424,000		\$480,000	\$480,000
Pax. Revenue	\$288,000	\$424,000	\$712,000	\$316,800	\$480,000	\$796,800
<u>Other Revenue</u>	\$35,000	\$22,000	\$57,000	\$27,500	\$22,000	\$49,500
Total Revenue	\$323,000	\$446,000	\$769,000	\$344,300	\$502,000	\$846,300
Subsidy @ 98% Completion	\$867,188	\$769,572	\$1,636,760	\$845,888	\$713,572	\$1,559,460

1/ Salt Lake City-Ely: 36 flts./week x 52 weeks x 45.2 min. x 1.103 x .98/60 = 1,524

Salt Lake City-Moab: 36 flts./week x 52 weeks x 46.2 min. x 1.103 x .98/60 = 1,558

**SUBSIDY CALCULATION FOR ALPINE AIR'S  
TRANSITIONAL ESSENTIAL AIR SERVICE AT ELY, NEVADA**

Round Trips/Day:

Salt Lake City 2

Cheyenne Flight Hours 1,016 1/

Pilot @ \$42,900/year & \$63,630

Co-Pilot @ \$30,518/year \$45,265

Cheyenne Fuel @ \$136.10/hr. \$138,278

NAV Fuel @ \$67.25/hr.

Cheyenne Maintenance @ \$130/hr. \$132,080

Cheyenne @ \$150,000/year \$148,321

Navajo @ \$48,000/year \$23,731

Cheyenne Hull @ \$28,000/year \$27,687

Navajo Hull @ \$8,250/year \$4,079

Total Directs \$583,071

Indirects @ 41% \$239,059

Total Operating Expense \$822,130

Total Economic Cost, 5% \$863,237

Passengers 2,100

Ely-Salt Lake City @ \$96 \$201,600

Passenger Revenue \$201,600

Other Revenue \$27,500

Total Revenue \$229,100

Annual Subsidy @ 98% Completion \$634,137

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1/ Salt Lake City-Ely: 24 flts./week x 52 weeks x 45.2 min. x 1.103 x .98/60 = 1,016

**ALPINE AIR, TRANSITIONAL  
ESSENTIAL AIR SERVICE AT ELY, NEVADA  
FOR THE PERIOD BEGINNING JANUARY 1, 1998, UNTIL  
ALPINE AIR IMPLEMENTS THE NEW HIGHER SERVICE LEVEL**

<b><u>EFFECTIVE PERIOD:</u></b>	January 1, 1998, until Alpine Air implements the new higher service level
<b><u>SERVICE:</u></b>	12 nonstop round trips each week between Ely and Salt Lake City (184 miles)
<b><u>AIRCRAFT TYPE:</u></b>	Piper Cheyenne -- 8 passenger seats
<b><u>TIMING OF FLIGHTS:</u></b>	Flights must be well-timed and well-spaced to ensure full compensation.
<b><u>MINIMUM NO. OF PILOTS:</u></b>	Two
<b><u>ANNUAL SUBSIDY RATE:</u></b>	\$634,137
<b><u>SUBSIDY RATE PER DEPARTURE/ARRIVAL:</u></b>	\$518.51 <sup>1</sup>
<b><u>COMPENSATION CEILING EACH WEEK:</u></b>	\$12,444.24 <sup>2</sup>

<sup>1</sup> Moab is scheduled to receive 12 departures to Salt Lake City and 12 arrivals from Salt Lake City a week. For the period beginning January 1, 1998, until the new service level is implemented, annual compensation of \$634,137 divided by the number of flights scheduled annually to Salt Lake City and from Salt Lake City, calculated by multiplying:  
24 arrivals/departures per week x 52 weeks x 0.98 completion factor: \$634,137/1,223=\$518.51.

<sup>2</sup> The subsidy rate per arrival/departure (\$518.51) times 24 scheduled subsidy-eligible flights each week.

**ALPINE AIR  
ESSENTIAL AIR SERVICE AT MOAB, UTAH  
EFFECTIVE WHEN ALPINE AIR IMPLEMENTS  
THE NEW HIGHER SERVICE LEVEL**

<b><u>EFFECTIVE PERIOD:</u></b>	The two-year period beginning when Alpine Air implements the increased service level
<b><u>SERVICE:</u></b>	Alpine's rate is calculated based upon 18 nonstop round trips each week between Moab and Salt Lake City (183 miles). Alpine is permitted to provide 24 round trips a week between Moab and Salt Lake City in the six-month peak summer period, and 12 round trips a week in the remaining six-month off-peak period.
<b><u>AIRCRAFT TYPE:</u></b>	Piper Cheyenne -- 8 passenger seats. Overnighting of the aircraft at Moab is required.
<b><u>TIMING OF FLIGHTS:</u></b>	Flights must be well-timed and well-spaced to ensure full compensation, and the first flight of the day must originate at Moab.
<b><u>MINIMUM NO. OF PILOTS:</u></b>	Two
<b><u>ANNUAL SUBSIDY RATE:</u></b>	
First year of service	\$769,572
Second year of service	\$713,572
<b><u>SUBSIDY RATE PER DEPARTURE/ARRIVAL:</u></b>	
First year of service	\$419.39 <sup>1</sup>
Second year of service	\$388.87 <sup>1</sup>
<b><u>COMPENSATION CEILING EACH WEEK:</u></b>	
First year of service	\$15,098.04 <sup>2</sup>
Second year of service	\$13,999.32 <sup>3</sup>

<sup>1</sup> Moab is scheduled to receive the equivalent of 18 departures to Salt Lake City and 18 arrivals from Salt Lake City a week. For the first year of service beginning when the new service level is implemented, annual compensation of \$769,572 divided by the number of flights scheduled annually to Salt Lake City and from Salt Lake City, calculated by multiplying: 36 arrivals/departures per week x 52 weeks x 0.98 completion factor: \$769,572/1,835=\$419.39. For the second year of service, annual compensation of \$713,572 divided by the number of flights scheduled annually to Salt Lake City and from Salt Lake City: \$713,572/1,835=\$388.87.

<sup>2</sup> The subsidy rate per arrival/departure (\$419.39) times 36 scheduled subsidy-eligible flights each week.

<sup>3</sup> The subsidy rate per arrival/departure (\$388.87) times 36 scheduled subsidy-eligible flights each week.

**ALPINE AIR  
ESSENTIAL AIR SERVICE AT ELY, NEVADA  
EFFECTIVE WHEN ALPINE AIR IMPLEMENTS  
THE NEW HIGHER SERVICE LEVEL**

<b><u>EFFECTIVE PERIOD:</u></b>	The two-year period beginning when Alpine Air implements the increased service level
<b><u>SERVICE:</u></b>	18 nonstop round trips each week between Ely and Salt Lake City
<b><u>AIRCRAFT TYPE:</u></b>	Piper Cheyenne -- 8 passenger seats. Overnighting of the aircraft at Ely is required.
<b><u>TIMING OF FLIGHTS:</u></b>	Flights must be well-timed and well-spaced to ensure full compensation, and the first flight of the day must originate in Ely.
<b><u>MINIMUM NO. OF PILOTS:</u></b>	Two
<b><u>ANNUAL SUBSIDY RATE:</u></b>	
First year of service	\$867,188
Second year of service	\$845,888
<b><u>SUBSIDY RATE PER DEPARTURE/ARRIVAL:</u></b>	
First year of service	\$472.58 <sup>1</sup>
Second year of service	\$460.97 <sup>1</sup>
<b><u>COMPENSATION CEILING EACH WEEK:</u></b>	
First year of service	\$17,012.88 <sup>2</sup>
Second year of service	\$16,594.92 <sup>3</sup>

<sup>1</sup> Ely is scheduled to receive 18 departures to Salt Lake City and 18 arrivals from Salt Lake City a week. For the first year of service beginning when the new service level is implemented, annual compensation of \$867,188 divided by the estimated annual completed departures and arrivals for Ely at a 98 percent completion factor:

36 arrivals/departures per week x 52 weeks x 0.98 = 1,835; annual compensation of \$867,188/1,835 = \$472.58. For the second year of service, annual compensation of \$845,888 divided by the estimated annual completed departures and arrivals for Ely at a 98 percent completion factor: \$845,888/1,835 = \$460.97.

<sup>2</sup> The subsidy rate per arrival/departure of \$472.58 times 36 scheduled subsidy-eligible flights each week.

<sup>3</sup> The subsidy rate per arrival/departure of \$460.97 times 36 scheduled subsidy-eligible flights each week.

N O T E

The carrier has been notified that it may forfeit its eligibility for compensation for any flights that it does not operate in full conformance with the terms and stipulations of this order, including the service plan outlined in this order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of this order during the applicable period of this order, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly subsidized points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parties to this order do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.



Historical Traffic and Enplanements  
at Moab, Utah

	<u>Quarter</u>	<u>Total origin-destination traffic</u>	<u>Average Daily Enplanements</u>
1987		3,112	5.0
1988		1,907	3.0
1989		2,085	3.3
1990		1,776	2.8
1991		1,716	2.7
1992		3,253	5.2
<u>1993</u>	1	445	
	2	953	
	3	960	
	4	<u>891</u>	
		3,249	5.2
<u>1994</u>	1	749	
	2	1,200	
	3	1,120	
	4	<u>685</u>	
		3,754	6.0
<u>1995</u>	1	721	
	2	1,334	
	3	1,363	
	4	<u>981</u>	
		4,399	7.0
<u>1996</u>	1	482	
	2	961	
	3	841	
	4	<u>552</u>	
		2,836	4.5
<u>1997</u>	1	643	
	2	951	
	3	894	
12-month period ended 9/30/97		3,040	4.9

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SOURCE: Bureau of Transportation Statistics Form 298-C, Schedule T-1(a). Average enplanements per service day are based on 313 service days each year.

**Historical Traffic at Ely, Nevada**

		<b><u>ELY-SLC</u></b>	<b><u>SLC-ELY</u></b>	<b><u>ELY-RNO</u></b>	<b><u>RNO-ELY</u></b>	<b><u>Total O &amp; D</u></b>	<b><u>Average Daily Enplanements</u></b>
1991	1	173	171	87	103	534	3.3
	2	176	203	133	112	624	3.9
	3	207	201	157	157	722	4.7
	4	<u>256</u>	<u>284</u>	<u>171</u>	<u>182</u>	<u>893</u>	5.5
		812	859	548	554	2,773	4.3
1992	1	188	185	183	183	739	4.7
	2	226	208	287	269	990	6.6
	3	175	185	261	246	867	5.6
	4	<u>166</u>	<u>172</u>	<u>263</u>	<u>235</u>	<u>836</u>	5.5
		755	750	994	933	3,432	5.6
1993	1	126	122	222	225	695	4.4
	2	196	183	326	331	1,036	6.7
	3	191	138	361	357	1,047	7.1
	4	<u>149</u>	<u>123</u>	<u>258</u>	<u>262</u>	<u>792</u>	5.2
		662	566	1,167	1,175	3,570	5.8
1994	1	131	116	218	217	682	4.5
	2	215	183	306	346	1,050	6.7
	3	303	249	397	398	1,347	8.9
	4	<u>221</u>	<u>181</u>	<u>398</u>	<u>401</u>	<u>1,201</u>	7.9
		870	729	1,319	1,362	4,280	7.0
1995	1	242	224	277	295	1,038	6.6
	2	311	301	253	277	1,142	7.2
	3	302	299	230	299	1,130	6.8
	4	<u>290</u>	<u>347</u>	<u>62</u>	<u>84</u>	<u>783</u>	4.5
		1,145	1,171	822	955	4,093	6.3
1996	1	82	83			165	1.0
	2	279	264			543	3.6
	3	274	234			508	3.5
	4	<u>135</u>	<u>112</u>			<u>247</u>	1.7
		770	693			1,463	2.5
1997	1	195	192			387	2.5
	2	213	236			449	2.7
	3	231	246			477	3.0
	4						

SOURCE: Bureau of Transportation Statistics Form 298-C, Schedule T-1(a). Average enplanements per service day are based on 313 service days each year.